

January 4, 1980

## Counting

Secretary of State Thomas Jefferson, who had the responsibility for conducting the first census in 1790, discovered when the tabulations reached Philadelphia that he hadn't been counted, although nearly four million other people had been. The efficiency of the nation's headcounters has improved somewhat since 1790, of course. In fact, with the help of modern sampling techniques, today's Bureau of the Census is confident that 86 million households and 222 million people will be found within the nation's borders on the April 1, 1980 census date.

The analysis of the numbers is bound to uncover many hard economic facts, as well as a number of other items of interest only to trivia buffs. This twentieth census should show, for example, that:

- The number of husbandless women acting as family heads has soared nearly 50 percent since 1970, to more than eight million;
- Two incomes are now common in about one-half of the 48 million husband-wife families in the U.S.;
- The number of unmarried couples sharing a household has more than doubled in the past decade;
- Most home-owners live 10 to 29 miles away from work, while most renters live only one to four miles away.

### Politicians and people

Although we generally know what to expect in the way of numbers, the census will still have to be conducted, because of the constitutional provision requiring the use of decennial census data as the basis for apportioning seats in the House of Representatives. That provision alone adds a great deal of interest to this year's election, not simply for the Presidency but also for the lowliest assembly seat, because the make-up of the 50 state legislatures elected this November will determine how population gains and losses are translated into changes

in House seats. The interest will be intense in the Sunbelt states of California, Texas and Florida, which have accounted for 40 percent of the nation's population growth over the past decade. The interest will also be intense (and somewhat more morbid) in New York, Pennsylvania, Rhode Island and the District of Columbia, which have recorded the largest population losses over the past decade. Altogether, after reapportionment, most members of the House of Representatives will be Westerners or Southerners, for the first time in the nation's history.

The economically interesting questions about the 1980's have largely been answered by past censuses, because they delineate (for the most part) the population structure of the coming decade. We now know that the population growth rate in the 1970's (the decade of the Great Inflation) was lower than in any other decade except the 1930's (the decade of the Great Depression). Total population increased only an estimated 8.4 percent in the 1970's, compared for example with the 18.7-percent gain of the baby-boom period of the 1950's.

### Family-planning decisions

Census demographers expect a turnaround in the 1980's, however, with total population increasing by 9.6 percent (21.4 million) over the decade—assuming a relatively low 2.1 fertility rate. (The fertility rate represents the number of children who would be born to each woman of childbearing age if current rates were to prevail over all her reproductive years.) The fertility rate fell to 2.1—the rate which represents long-term population stability—in the early 1970's, but then bottomed out at 1.7-1.8 in the late 1970's—or at only about half of the peak reached two decades ago. If the rate remains at that historical low during the 1980's, total population might increase by only 7.0 percent by 1990, compared to the 9.6-percent gain associated with a 2.1 fertility

Research Department

# Federal Reserve Bank of San Francisco

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rate. In contrast, population growth could jump to 13.7 percent—comparable to the growth of the 1960's—if the fertility rate rises to a still relatively low 2.7 rate.

These figures suggest that the one major uncertainty about the 1980's will be the family-planning decisions of the women now in their prime childbearing years. The uncertainty is compounded by the large number of women in that cohort; for example, the number of women in the key 20-29 age bracket increased 35 percent between 1968 and 1975 alone. Given the numbers involved, a return to earlier fertility patterns could mean an explosive jump in population.

The likelihood is otherwise, however, in the absence of a sudden reversal of some major recent trends, both economic and sociological. Recent evidence appears to support the argument for low birth rates advanced by Richard Easterlin of the University of Pennsylvania. In his view, the postwar baby boom could be explained by the ability of young adults in that time period to achieve incomes quite high in relation to their Depression-era expectations. But in the 1970's, the large numbers of young adults scrambling for jobs in the marketplace have had trouble meeting their economic goals formed in the affluent postwar period. They are thus less willing to have children, and with the universal spread of effective means of birth control, they are more successful than their predecessors in actually limiting family size.

Yet even if times improve—and they very well might—there is little likelihood that women will return to the nursery, deserting the growing beachhead which they have carved out for themselves in the marketplace. Many married women, brought into the labor force by inflation pressures and a simple desire for higher living standards, may now find that family budgets—including debt payments—now depend on their contribution. (Working married women contribute roughly one-fourth of the total

income of their families.) And for a working wife, the cost of having children goes up, helping to keep new births down.

## Greying of America

On balance, demographers expect a modest boom in births in the 1980's—perhaps a gain of 3.4 million children under five years old, compared with the 1.1-million decline in that age group over the past decade. (The makers of baby food and children's wear thus should experience a long-delayed resurgence.) More important—and more certain—is the maturing of the baby-boom generation of the post-World War II period. The major impact will be felt in the 35-44 age bracket, which will increase by 10.9 million in the 1980's, as against a gain of only 2.6 million during the 1970's (see chart). In other words, that one age bracket should account for more than one-half of the nation's entire population increase of the coming decade. Meanwhile, the number of 16-24 year-olds should actually decline by 6.1 million over the decade.

Productivity should benefit substantially from the concentration of the work force among its best-trained members, and from the reduced movement of young unskilled people into the workforce. Also, the influx of middle-aged women into the workforce might continue; the labor-force participation rate of 35-44 year-old women could increase from 51.1 percent in 1970 to 74.5 percent in 1990, according to Labor Department projections. But those women, although frequently untrained, are better educated than many of the older men over 55 who have been retiring in ever-increasing numbers, with a participation rate of 55.7 percent in 1970 and perhaps 38.0 percent in 1990. About 82.0 percent of women aged 35-44 have a high-school diploma or better, whereas this is true of only 67.5 percent of men aged 55-64, so that the educational level of the workforce increases as one group expands and the other contracts.

Productivity should improve also because of the growing numbers of women workers

with higher degrees. By 1990, 35.6 percent of women workers aged 25 and over will have received some college training, compared with 43.1 percent of the men workers. But the difference should be much smaller for younger workers in that group, which suggests that younger women workers today are becoming as well trained as men for professional and managerial positions. For example, women students last year earned 26 percent of all law degrees and 22 percent of all medical degrees.

According to Labor Department estimates, labor-force growth in the 1977-85 period, at 1.8 percent annually, will be relatively close to the high 2.1-percent annual rate of the 1970-77 period. Then the growth rate should decline sharply—to less than 1.1 percent annually in the 1985-90 period, as a reflection of the increasing shortage of young workers. This reduced inflow of new workers could depress GNP growth, although its effects should be largely offset by the strong productivity gains expected from a better educated and more experienced workforce.

### Living decisions

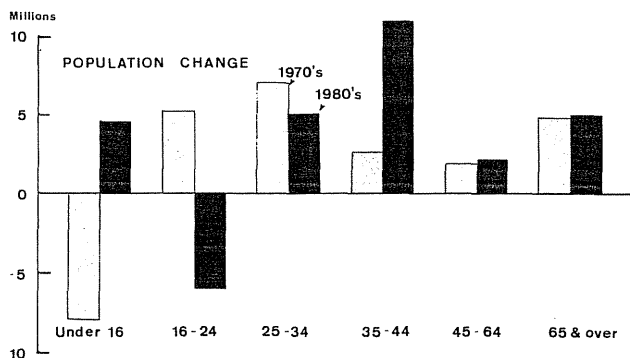
The living arrangements of the nation's changing population may be due for a shift in the 1980's, judging from Census data which show that average family size is decreasing while the average housing unit is becoming larger and more costly to maintain. The number of households increased more than 20 percent during the 1970's, or twice as fast as the number of people in them. Thus the average of people

per household fell to less than three— incidentally, only half the average household size at the time of the 1790 census. In 1978, more than half of all households consisted of only one or two people.

Yet, paradoxically, people are now living in larger houses than before. Between 1970 and 1976 alone, the number of homes with five or more rooms rose from 28.8 million to 35.1 million. Census-takers this year might find the typical small family hard-put to keep up with those typically larger premises. A 1976 census survey found that the average home-owner was paying 18 percent of annual income for mortgage payments, real-estate taxes, property insurance and utilities. But that share must be somewhat greater today, because homeownership costs have risen about 20 percent faster than other living costs since the time of that survey. All of which suggests that many households will come under pressure to move into smaller quarters as the 1980's unfold.

Information on these and other issues should be forthcoming as the census returns are tabulated later this year. About 300,000 pages of published data will eventually result from the decennial snapshot of the national community. Luckily, computers are available to help tell the story. In 1790, one pencil-wielding clerk could process about 30 items per minute, but in 1980, modern computers will tabulate 45 million characters in the same time-span. As the Census Bureau says, "We're counting on you."

William Burke



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## BANKING DATA—TWELFTH FEDERAL RESERVE DISTRICT (Dollar amounts in millions)

Selected Assets and Liabilities Large Commercial Banks	Amount Outstanding 12/19/79	Change from 12/12/79	Change from year ago @	
			Dollar	Percent
Loans (gross, adjusted) and investments*	136,577	+ 885	+ 15,755	+ 13.04
Loans (gross, adjusted) — total#	113,665	+ 906	+ 15,445	+ 15.72
Commercial and industrial	31,757	+ 456	+ 3,289	+ 11.55
Real estate	43,156	+ 125	+ 8,859	+ 25.83
Loans to individuals	24,231	+ 120	NA	NA
Securities loans	1,657	+ 131	NA	NA
U.S. Treasury securities*	7,245	- 48	- 889	- 10.93
Other securities*	15,667	+ 27	+ 1,199	+ 8.29
Demand deposits — total#	45,151	- 814	+ 2,215	+ 5.16
Demand deposits — adjusted	31,766	- 519	+ 956	+ 3.10
Savings deposits — total	28,547	+ 80	- 1,455	- 4.85
Time deposits — total#	58,912	+ 177	+ 8,311	+ 16.42
Individuals, part. & corp.	50,123	+ 50	+ 8,954	+ 21.75
(Large negotiable CD's)	22,027	+ 126	+ 1,942	+ 9.67
<b>Weekly Averages of Daily Figures</b>	<b>Week ended 12/19/79</b>	<b>Week ended 12/12/79</b>	<b>Comparable year-ago period</b>	
<b>Member Bank Reserve Position</b>				
Excess Reserves (+)/Deficiency (-)	- 34	42	34	
Borrowings	208	82	13	
Net free reserves (+)/Net borrowed (-)	- 242	- 40	20	
<b>Federal Funds — Seven Large Banks</b>				
Net interbank transactions	+1,811	+1,282	+ 721	
[Purchases (+)/Sales (-)]				
Net, U.S. Securities dealer transactions	- 79	- 159	+ 398	
[Loans (+)/Borrowings (-)]				

\* Excludes trading account securities.

# Includes items not shown separately.

@ Historical data are not strictly comparable due to changes in the reporting panel; however, adjustments have been applied to 1978 data to remove as much as possible the effects of the changes in coverage. In addition, for some items, historical data are not available due to definitional changes.

Editorial comments may be addressed to the editor (William Burke) or to the author . . . . Free copies of this and other Federal Reserve publications can be obtained by calling or writing the Public Information Section, Federal Reserve Bank of San Francisco, P.O. Box 7702, San Francisco 94120. Phone (415) 544-2184.